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FISCAL IMPACT REPORT

SPONSOR: HAFC DATE TYPED: 3/5/03 HB 288/HAFCS

SHORT TITLE: Los Amigos Nursing Home Receivership SB _____

ANALYST: Dunbar

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
\$250.0				Non-Rec	GF

(Parenthesis () Indicate Expenditure Decreases)

Duplicates SB 319

Relates to Appropriation in the General Appropriation Act

SOURCES OF INFORMATION

Responses Received From

Department of Health (DOH)
Health Policy Commission (HPC)

SUMMARY

Synopsis of Bill

The House Appropriation & Finance Committee Substitute for House Bill 288 provides \$250,000 from the general fund to State Board of Finance for expenditure in fiscal year 2003 for the Department of Health to pay for the continuation of the receivership operation of Los Amigos nursing home in Santa Rosa. The bill contains an emergency clause.

On September 9, 2002, the Los Amigos Nursing Home notified DOH of its inability to meet staff payroll. Under state law, DOH petitioned District Court to assume the operations of the facility (receivership) in order to protect the safety and well being of residents. The facility is managed by a contracted firm (Pinon Management) acting as the court ordered Deputy Receiver. The monthly operational deficit of the facility averages \$50,000. The cost of monthly Receivership services is \$56,000. Anticipated total monthly costs are \$106,000.

DOH has received contingency funds for receiverships and related matters from the Federal Center for Medicare and Medicaid Services (CMS) over the last five years. Billing for the Receivership and operational costs in January 2003 will completely deplete the fund, leaving a deficit of \$34,000.

Significant Issues

DOH anticipated a purchase of the facility, which is owned by the USDA. However, no serious offers have been received. If a buyer is not found and a decision to close the facility is made, it will take an additional 60 days to transition the current 16 residents to other facilities. The appropriation contained in this bill would cover the deficit and fund the facility through March of the current year. However if no buyer comes forward, a decision to close the facility would require an additional \$212,000 to fund operations through May.

HPC indicates that:

- Los Amigos has had difficulties maintaining viable operations because of a low patient census, according to the Deputy Receiver at Los Amigos, who said that the number of clients has averaged about 15-18 clients in the 59-bed facility.
- According to Los Amigos staff, there are no other facilities that can provide nursing home care in Santa Rosa; the nearest facility is in Tucumcari.
- Clients are a mix of private payer insurance and Medicaid eligible and Medicaid pending. An admissions hold was placed by the Department of Health in late December 2002.
- Many Los Amigos clients have ties to the community, and Los Amigos staff are concerned that closing the facility would place a hardship on the clients and their families.

FISCAL IMPLICATIONS

The bill contains a \$250.0 non-recurring general fund appropriation for FY 03. Any unexpended or unencumbered balance remaining at the end of FY 03 shall revert to the general fund.

The appropriation contained in this bill would cover the deficit and fund the facility through March of the current year.

The following recommendations are being discussed for inclusion in HB2.

- The LFC recommends \$350.0 for nursing home receivership costs from the general fund.
- Executive Budget Request contains a \$600,000 contingency appropriation for nursing home receivership.

ADMINISTRATIVE IMPLICATIONS

These funds would be managed consistent with current DOH receivership actions.

OTHER SUBSTANTIVE ISSUES

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Initial funding for the receivership was through a contingency fund established in the Department of Health from federal fines that have been levied on New Mexico nursing homes. The fund is not intended to allow the Department of Health to run the facility, but to allow for the stabilization and transition of the nursing center's financial difficulties.

The Department of Health has within the last three years obtained receivership on two other facilities, in Albuquerque and Las Cruces. (Source: Albuquerque Journal 5/8/2000.)

BD/yr:pr:anjw